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INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 OMB-01 IO-13 EB-11 AID-20 ACDA-19 AGR-20

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6282

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY RANGOON

AMEMBASSY TEHRAN

AMCONSUL BOMBAY

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AMCONSUL MADRAS

USLO PEKING

CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, IN, UR

SUBJ: INDO-SOVIET RELATIONS: A CURRENT ASSESSMENT

REF: A) NEW DELHI 15267; B) NEW DELHI 8563

BEGIN SUMMARY: TWO YEARS AFTER THE CONCLUSION OF THE INDO-SOVIET TREATY, INDIA'S RELATIONS WITH THE USSR APPEAR FROM DELHI TO

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HAVE A DESULTORY, AD HOC QUALITY. THE PROSPECTS OF MORE DYNAMIC

COOPERATION ARE LIMITED BY DIVERGENT FOREIGN POLICY AIMS, BY THE NON-COMPLEMENTARITY OF THE TWO ECONOMIES, AND BY NARROW SOVIET LEVERAGE IN THE MESSY INDIAN DOMESTIC SCENE. NEVERTHELESS, THE SOVIETS RETAIN SIGNIFICANT INFLUENCE HERE AND THE INDIANS WANT TO RETAIN THEIR SUPPORT. IN BREZHNEV'S VISIT LATER THIS YEAR, THE INDIANS ARE LIKELY TO PRESS FOR SPECIFIC COMMITMENTS ON TRADE, AID, AND PERHAPS ARMS, WHILE THE SOVIETS AIM FOR A POLITICAL REAFFIRMATION OF INDIA'S CLOSE TIES TO THE USSR. THE INDIANS ARE SEARCHING FOR BROADER INTERNATIONAL OPTIONS, AND THEY ARE DISINCLINED TO GIVE THE SOVIETS ANY EXCLUSIVE LIENS ON INDIAN POLICY OR ACTIONS. WHILE OUR JUDGMENT OF SOVIET OBJECTIVES REMAIN AS REPORTED IN REFTEL A, WE WOULD ESTIMATE THERE HAS BEEN A DETERIORATION IN SOVIET INFLUENCE IN INDIA IN THE LAST YEAR. END SUMMARY.

- 1. WHAT STRIKES US NOW ABOUT THE 1971 TREATY IS THAT IT REALLY DOES NOT SEEM TO COUNT FOR MUCH AS A DYNAMIC IN INDIA'S TIES WITH THE SOVIETS. THE RELATIONSHIP APPEARS TO BE MOLDED DAYBY-DAY, NOT BY AN OVERALL FRAMEWORK BUT BY CURRENT OBJECTIVES, IRRITATIONS, UNDERLYING LIMITATIONS, AND THE MOMENTUM OF LONGSTANDING COOPERATION. THERE DOES NOT SEEM TO BE ANY BROAD COORDINATION WITH THE USSR ON FOREIGN POLICY OR ON INDIA'S ECONOMIC DEVELOPMENT. POLITICAL LEVEL CONSULTATIONS HAVE A SPORADIC, AD HOC QUALITY.
- 2. THE SOVIETS AND MOSCOW-LINE FRIENDS HERE EMPHASIZE AND PUBLICIZE THE TREATY AT EVERY CONVENIENT OCCASION. THE INDIAN GOVERNMENT DOES NOT. ITS SPOKESMEN ALWAYS HAVE A GOOD WORD FOR THE TREATY WHEN SOLICITED BY TASS CORRESPONDENTS. BUT THEY NO LONGER BESTIR THEMSELVES TO PLAY UP OR PROMOTE ITS SIGNIFICANCE.
- 3. PUBLIC DE-EMPHASIS OF THE SOVIET TREATY IS CONSONANT WITH INDIA'S FOREIGN POLICY OBJECTIVES. ITS PRINCIPAL PREOCCUPATIONS ARE:
- --TO RESOLVE INDO-PAK-BANGLADESH PROBLEMS IN A WAY THAT LEAVES LITTLE ROOM FOR ANY OUTSIDE POWER TO GET INTO THE ACT:
- --TO NORMALIZE RELATIONS WITH CHINA BY CONCILIATION AND BY DOWNPLAYING IRRITANTS; CONFIDENTIAL

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- --TO IMPROVE RELATIONS WITH THE US AGAINST A BACKGROUND OF RAPIDLY WANING HOSTILITY OVER THE BANGLADESH WAR AND VIET-NAM;
- --TO HIGHLIGHT INDIA'S NON-ALIGNMENT AND THE RANGE OF ITS CONTACTS--WITH THE COMMONWEALTH, NEIGHBORS, EUROPE, ASIA, THE ARABS.

- 4. ALL THIS THE INDIANS WANT TO DO WITHOUT UNDERMINING THEIR TIES WITH THE USSR. THE INDIANS HAVE FEW SOLID FRIENDS. THEY KNOW IT. AND THE USSR IN THEIR VIEW IS THE POWER THAT HAS MOST CONSISTENTLY SUPPORTED INDIAN INTERESTS. BUT CURRENTLY THE THRUST OF INDIAN POLICY IS TOWARD GREATER BALANCE AND DILUTION OF ANY EXCLUSIVE ASSOCIATION WITH THE USSR.
- 5. ECONOMIC COOPERATION IS RESTRICTED BY SOVIET HARDHEADEDNESS, NON-COMPLEMENTARITY, AND ECONOMIC TROUBLE ON BOTH SIDES. THE INDIANS HAVE DISCOVERED THAT:
- --SOVIET COMPETITION HAS SUBSTANTIALLY PUSHED UP THE PRICE OF GRAIN AND HELPED CAUSE A WORLD SHORTAGE IN A YEAR WHEN INDIA NEEDS LARGE AMOUNTS OF IMPORTED GRAIN;
- --DETENTE AND THE PROSPECTS OF SOVIET TRADE WITH THE WEST UNDER-MINE HOPES OF EXPANDING EXPORTS OF CONSUMER GOODS TO THE USSR;
- --THE SOVIETS ABSORB PRODUCTS LIKE TOBACCO AND CASHEWS WHICH INDIA COULD READILY MARKET FOR HARD CURRENCY:
- --DESPITE AN INDIA TRADE SURPLUS WITH THE USSR, THE SOVIETS HAVE BEEN RELUCTANT OR UNABLE TO PART WITH WHAT INDIA BADLY NEEDS-FERTILIZER, STEEL, AND PETROLEUM; ON SCARCE ITEMS LIKE NEWSPRINAT, THE SOVIETS HAVE BEEN COLD, HARD BARGAINERS;
- --WITH INDIA STRUGGLING TO RAISE THE CURTAIN ON ITS FIFTH FIVE-YEAR PLAN, THE SOVIETS HAVE MADE NO BROAD COMMITMENTS; THE FIRST MEETING HERE THIS SPRING OF THE INDO-SOVIET JOINT COMMISSION PRODUCED NO SOLID UNDERTAKINGS.
- 6. THE SOVIETS ARE TODAY NECK AND NECK WITH THE UNITED STATES AS INDIA'S LEADING EXPORT MARKET. SOME INDIANS THINK THERE IS CONFIDENTIAL

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PLENTY OF ROOM AHEAD FOR INDIAN SALES TO THE SOVIET UNION, ESPECIALLY FOR ITEMS NO ONE ELSE IS KEEN TO BUY. THERE IS SOME INDIAN HOPE, TOO, THAT SOVIET EQUIPMENT FOR A NEW REFINERY AND THE EXPANSION OF THE TWO SOVIET-BUILT STEEL MILLS WILL PULL DOWN THE LARGE SOVIET CREDITS THAT THE INDIANS HAVE NOT YET BEEN ABLE TO USE. STILL, THERE IS A LETDOWN HERE FROM THE BUOYANT EXPECTATIONS THAT WERE EARLIER RAISED BY THE TREATY. THE BENEFITS OF CLOSER INTEGRATION WITH THE SOVIET ECONOMY AND DOVETAILING WITH SOVIET PLANNING ARE NO LONGER PROPOUNDED AS THEY WERE LAST YEAR.

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INFO OCT-01 EUR-25 EA-11 ADP-00 IO-13 CIAE-00 DODE-00

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PRS-01 SS-15 USIA-15 OMB-01 EB-11 AID-20 ACDA-19

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FM AMEMBASSY NEW DELHI

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INFO AMEMBASSY COLOMBO

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7. THE GLOOM AND CONFUSION BESETTING THE INDIAN DOMESTIC SCENE MUST RAISE SOME QUESTIONS IN SOVIET MINDS. THE INDIANS ARE UNCERTAIN ABOUT THEIR FUTURE, PESSIMISTIC ABOUT THEIR ECONOMY, OVERWHELMED BY THEIR POPULATION, OBSESSED BY THEIR CORRUPTION, AND INCREASINGLY SKEPTICAL ABOUT THE ABILITY OF THEIR LEADERS IN THE PRESENT SCHEME OF THINGS TO DEAL EFFECTIVELY WITH INDIA'S PROBLEMS. THERE IS NO INDICATION THAT THE SOVIETS OR THEIR COMMUNIST PARTY OF INDIA FREINDS ARE GAINING INCONFIDENTIAL

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FLUENCE AS THE LEADERSHIP CASTS ABOUT FOR ANSWERS. THE UNDERSTANDING BETWEEN THE MOSCOW-LINE COMMUNISTS AND THE RULING CONGRESS PARTY IS STRAINED BY DISAGREEMENT OVER ECONOMIC AND FOREIGN POLICIES (REFTEL B). BUT FOR THE SOVIETS THEMSELVES--WHATEVER THEIR DOUBTS--IT'S BUSINESS AS USUAL WITH MRS GANDHI.

8. IT IS AGAINST THIS BACKGROUND THAT THE INDIANS AND SOVIETS WILL BE PREPARING FOR BREZHNEV'S VISIT. IT IS SYMPTOMATIC OF INDO-SOVIET RELATIONS AT THIS STAGE THAT RELIABLE SOURCES HERE SAY THE INDIANS BADGERED THE SOVIETS INTO THE VISIT--AND THEN MRS GANDHI'S UNCERTAINTY ABOUT THE IMPACT OF BREZHNEV'S ARRIVAL LED HER TO PREFER A LATER TO AN EARLIER DATE. SOME BUREAUCRATS ALSO PROFESS THAT THE NEED TO PREPARE AGREEMENTS THAT CAN BE SIGNED WHILE BREZHNEV IS HERE HAD DELAYED FIXING A TIME FOR HIS VISIT.

9. WHAT MIGHT SUCH AGREEMENTS BE? THE INDIANS ARE LIKELY TO BE INTERESTED IN THE CONCRETE PAYOFF: SOLID COMMITMENTS ON SPECIFIC ITEMS THEY WANT FROM THE USSR AND PERHAPS NEW TRADE AND CREDIT AGREEMENTS. THE SOVIETS ARE LIKELY TO CONTINUE TO PRESS FOR POLICY STATEMENTS THAT HIGHLIGHT INDIA'S CLOSE ASSOCIATION WITH THE USSR AND ENDORSEMENT OF BREZHNEV'S ASIAN COLLECTIVE SECURITY PROPOSAL. BUT THE INDIANS ARE SENSITIVE TO SUSPICION BY CHINA AND OTHERS THAT INDIA IS A SOVIET STOOGE. THEY ARE LIKELY TO CONTINUE TO BE WARY OF ANY RINGING ENDORSEMENT OF THE SOVIETS' ASIAN POLICIES.

10. INDIA, OF COURSE, REMAINS DEPENDENT ON THE SOVIETS FOR ADVANCED WEAPONS AND FOR THE GUARANTEE OF ITS SECURITY. THIS IS CENTRAL TO ITS RELATIONSHIP WITH THE USSR. FROM THE FEEDBACK WE'VE HAD ON THEIR DEFENSE MINISTER'S TRIP TO MOSCOW IN JULY, WE THINK THE INDIANS MAY NOW BE AFTER SOME NEW ARMS (PLANES, MISSILES, SHIPS)--ALTHOUGH PUBLICLY THE INDIANS HAVE DENIED THIS. IF THIS IS TRUE, THE SOVIETS WILL TRY TO GET SOMETHING IN RETURN. JUDGING BY THEIR ANTI-CHINESE PROPAGANDA HERE, THEY ARE CONCERNED ABOUT THE PROSPECTS OF SINO-INDIAN RAP-PROCHEMENT. THEY MAY SEEK TO NAIL DOWN CLOSER INDIAN CO-OPERATION IN THE SECURITY FIELD--PARTICULARLY SINCE A RESOLUTIN OF THE ISSUES LEFT FROM THE 1971 WAR WILL OPEN THE WAY TOWARD THE NORMALIZATION OF SINO-INDIAN RELATIONS, A CHINESE PRESENCE IN BANGLADESH, AND A GENERALLY MORE FLUID INTERPLAY CONFIDENTIAL

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IN THE EXTERNAL RELATIONS OF THE SUBCONTINENT COUNTRIES.

11. OUR GENERAL JUDGMENT, HOWEVER, IS THAT THE INDIANS HAVE NO INTENTION OF GIVING THE SOVIETS ANY EXCLUSIVE POSITION OR SPECIAL SECURITY CONCESSIONS IN INDIA, THAT THEY ARE TRYING TO WIDEN THEIR OPTIONS RATHER THAN RESTRICT THEM, THAT THE SOVIETS

SHOULD HAVE REASON TO FEEL THEY HAVE LOST MOMENTUM AND HEADWAY IN THE LAST YEAR, AND THAT ONE IMPORTANT REASON FOR THE IMPROVEMENT IN THE ATMOSPHERE AND CONTENT OF INDO-US RELATIONS IS THIS INDIAN SEARCH FOR MORE POLITICAL ELBOW ROOM AMONG THE POWERS. US WILLINGNESS TO JOIN INDIA IN AN EFFORT TO IMPROVE INDO-US RELATIONS THUS COMES AS A RELIEF TO INDIAN POLICY MAKERS AND SERVES BOTH INDIA AND US INTERESTS VIS-A-VIS SOVIET OBJECTIVES IN THIS AREA.

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Message Attributes

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